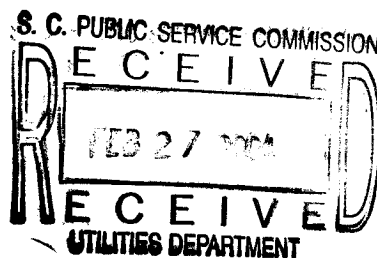




February 24, 2004

The Honorable Bruce Duke
Executive Director
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211



SC PUBLIC SERVICE
COMMISSION

2004 FEB 24 PM 4:10

RECEIVED

RE: Progress Energy Carolinas, Inc.'s Petition to
Defer and Amortize Storm Damage Expenses

Dear Mr. Duke:

Enclosed for filing are an original and ten (10) copies of Progress Energy Carolinas, Inc.'s Petition to Defer and Amortize Storm Damage Expenses commencing January 1, 2005 and ending December 31, 2009.

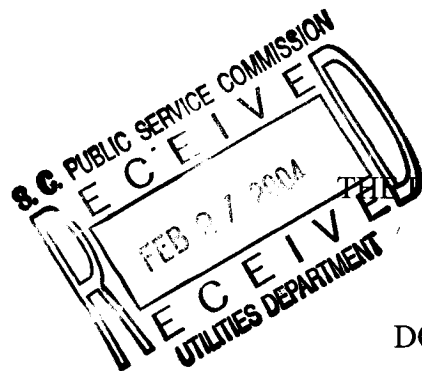
Very truly yours,

A handwritten signature in black ink, appearing to read "Len S. Anthony".

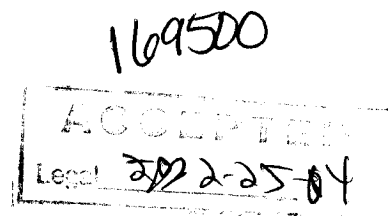
Len S. Anthony
Deputy General Counsel – Regulatory Affairs

Attachment

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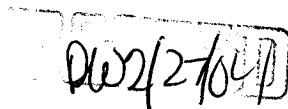
BEFORE



THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

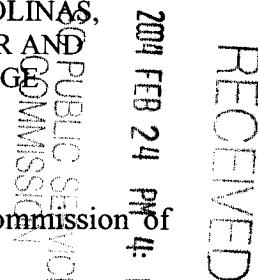
DOCKET NO. 2004-55-E



In the Matter of

Progress Energy Carolinas, Inc.'s)
Petition to Defer and Amortize Storm)
Damage Expenses)

PROGRESS ENERGY CAROLINAS,
INC.'S PETITION TO DEFER AND
AMORTIZE STORM DAMAGE
EXPENSES



Pursuant to Rules 103-830 and 103-836 of the Public Service Commission of South Carolina ("The Commission") and S.C. Code Ann. §§ 58-3-140, 58-27-140, 58-27-230, and 58-27-1540, Progress Energy Carolina, Inc. ("PEC") petitions the Commission for an accounting order allowing it to defer and amortize certain storm damage expenses incurred by PEC to restore and/or replace property damaged or destroyed by the ice storm experienced in January of 2004. The amortization is to commence January 1, 2005 and end December 31, 2009. In support of its petition, PEC shows the following.

- 1) The correct name and legal address of the petitioner is:

Progress Energy Carolinas, Inc.
410 South Wilmington Street
Raleigh, NC 27601

- 2) The attorneys for PEC to whom all correspondence should be directed are:

William F. Austin, Esq.
Austin, Lewis & Rogers, P.A.
P.O. Box 11716
Columbia, SC 29211

Len S. Anthony
Kendal C. Bowman
Progress Energy Service Company, LLC
410 South Wilmington Street (PEB 17A4)
Raleigh, NC 27601

3) PEC is an electric utility organized, existing and operating under the laws of the State of North Carolina, and authorized to do business in South Carolina, for the purposes of generating, transmitting and distributing electric power in its service territories in North and South Carolina.

4) During January of 2004 an ice storm caused significant damage to PEC's facilities in South Carolina. PEC petitions the Commission to approve the deferral and amortization of certain of these storm-related operating and maintenance ("O&M") costs over the period January 1, 2005 to December 31, 2009. PEC is in the process of finalizing the total cost to repair and restore its system following this storm, but estimates total costs will be approximately \$16.5 million. PEC will charge the total cost of repair and restoration to O&M expenses and to capital expenditures based on an analysis of the storm cost data. PEC estimates the incremental O&M expenses incurred to be \$13.9 million. PEC proposes that this amount be deferred on its balance sheet and amortized over a five year period beginning January 1, 2005. The amortization will be recorded in Account No. 407.3, "Amortization of Regulatory Debits." Such amounts will be reflected in all financial statements, quarterly surveillance reports, and other accounting reports filed with the Commission. The capital expenditures will be depreciated under normal accounting procedures. PEC will submit to the Commission, when finalized, the actual storm damage expenses to be deferred and amortized. This amortization of deferred storm damage expenses will be accomplished through existing customer rates and PEC will not seek to increase electricity rates due to these increased expenses.

4) Condition No. 34 contained in Commission Order No. 2000-0229 in Docket No. 1999-434-E/C specifically allows PEC to request a deferred account for

major expenditures to restore or replace property damaged or destroyed by *force majeure*.

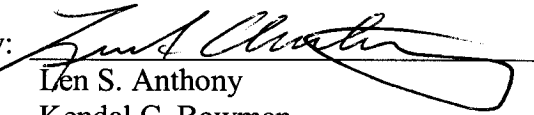
Clearly, the ice storm in question is considered a *force majeure*.

5) The creation of the requested deferred account does not involve a change to any of PEC's rates or prices, or any Commission rule, regulation or policy. In addition, issuance of the accounting order does not prejudice any party's right to address this issue in a subsequent general rate case proceeding. PEC respectfully requests that the accounting order be made effective as of January 31, 2004.

WHEREFORE, PEC requests the Commission issue an accounting order approving the proposed storm damage expense deferral and amortization described above.

Respectfully submitted this 24th day of February, 2004.

By:



Len S. Anthony
Kendal C. Bowman
Post Office Box 1551
Raleigh, North Carolina 27602-1551
Telephone: (919) 546-6367

William F. Austin, Esq.
Austin, Lewis & Rogers, P.A.
P.O. Box 11716
Columbia, S.C. 29211

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